Impact of Indian Accounting Standards (Ind AS) on Financial Performance of Non-Banking Financial Companies (NBFCs) in India (An Evaluation on Pre and Post Adoption)

A

Synopsis

Submitted in the partial fulfillment for the requirement of

Doctor of Philosophy

In

Accountancy & Law

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2022

INTRODUCTION

Accounting Standards are common set of principles that consist of guidelines and rules, issued by the governing body, and define the basis of Financial Accounting. These are the treatments which tell the permissible formats for balance sheet and profit & loss items hence, there must be consistency in the way how they are treated in the financial statements. Accounting Standards play a significant role in the establishment of sound financial reporting system in the world. The main objective of accounting standards is to bring uniformity & reliability in the global accounting system. Accounting standards improve the transparency of financial reporting.

History and Evolution of Accounting Standards:

The evolution of accounting standards began in 1966 with the formation of worldwide study group named Accountants International Study Group. The Accountants International Study Group published papers on the various accounting topics, later on, some of these topics formed the foundation of accounting standards.

In 1973, the International Accounting Standards Committee (IASC) was formed with an objective to develop accounting standards that would be followed internationally and issued the International Accounting Standards (IAS). In 2001, IASC was replaced by the International Accounting Standard Board (IASB) which was formed under the International Financial Reporting Standards (IFRS) Foundation. The IASB followed the same standards issued by the IASC but stated that any new standards would be introduced by the IFRS Foundation called the International Financial Reporting Standards (IFRS).

Accounting Standards in India:

In India, The Accounting Standards Board (ASB) formulates & issues Accounting Standards which was constituted on 21st April, 1977 by the Institute of Chartered Accountants of India (ICAI) with the key objective of harmonization of the various accounting policies and practices.

In 2006, ICAI initiated the process of shifting towards the International Financial Reporting Standards (IFRS). The purpose of ICAI to shift towards the IFRS is expected to improve acceptability and transparency of the Financial Statements of the Indian companies on the Global platform. The Government of India and ICAI analysed the need and requirements of IFRS in detail, then decided to

converge them and formulated the Indian Accounting Standards (Ind AS). The ICAI issued Indian Accounting Standards in consultation with the National Advisory Committee on Accounting Standards (NACAS) under the supervision and control of the Accounting Standards Board (ASB). Then, Ministry of Corporate Affairs (MCA) made Ind AS applicable in India from 1st April, 2015. These are IFRS converged accounting standards. They named and numbered in the same way as their corresponding IFRS. At present, 39 Indian Accounting Standards are in-force in the country.

Section 133 read with section 469 of the Companies Act, 2013 and section 210A sub section (1) of the Companies Act, 1956 conferred power to the Central Government to form Companies (Indian Accounting Standards) Rules, 2015 with the consultation of NACAs. MCA has notified Companies (Indian Accounting Standards) Rules, 2015 – Roadmap For applicability of Indian Accounting Standards (Ind AS) for the compliance of implemented roadmap given in the rules. Companies which are not required to follow Indian Accounting Standards shall comply with Accounting Standards as prescribed in Companies (Accounting Standards) Rules, 2006.

As per Companies (Indian Accounting Standards) Rules, 2015, MCA prescribed that –

- Any company can voluntarily adopt Indian Accounting Standards for the preparation and presentation of their financial statements for financial years beginning on or after 1st April, 2015.
- Every company shall mandatorily comply with Indian Accounting Standards for the preparation and presentation of their financial statements for financial years beginning on or after 1st April, 2016 in a phased manner.

Non-Banking Financial Companies:

A Non-Banking Financial Company (NBFCs) is a company incorporated under the Companies Act 2013 or Companies Act 1956 which is engaged in the business of Loans and Advances, Acquisition of stocks, equities, debt etc. issued by the Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A Non-Banking Institution which has principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions or in

any other manner, is also called a Non-Banking Financial Company (Residuary Non-Banking Company).

As per section 451(f) of RBI Act, 1934:

"Non-Banking Financial Company" means –

- **A "Financial Institution" which is a company;**
- **A Non-Banking Institution which is a company, and which has as its Principal Business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;**
- **Such other Non- Banking Institution or class of such institutions, as RBI specifies.**

Here **Principal Business** means:

When a company's **Financial Assets** constitute more than 50 percent of the **total assets** and **income from financial assets** constitute more than 50 percent of the **gross income**.

Implementation of Indian Accounting Standards (Ind AS) for NBFCs:

Vide press release dated 18th January 2016, MCA has prescribed the roadmap for the implementation of Indian Accounting Standards (Ind AS) for Non-Banking Financial Companies (NBFCs). Which is as follows:

Phase I: NBFCs (listed or unlisted) with their holding, subsidiary, joint venture or associate companies having net worth of INR 500 crore or more will follow Ind AS for the preparation and presentation of financial statements for the financial year 2018-19 or onwards.

Phase II: NBFCs (whose equity and debt securities are listed or are in the process of listing on any stock exchange in India) with their holding, subsidiary, joint venture or associate companies having net worth of INR 250 crore or more but less than INR 500 crore will follow Ind AS for the preparation and presentation of financial statements for the financial year 2019-20 or onwards.

- Unlisted NBFCs having net worth below two-hundred and fifty crores shall not apply Ind AS.
- Voluntary adoption of Ind AS is not allowed for NBFCs. (Allowed only when requires as per roadmap)
- Applicable for both consolidated and individual Financial Statements.

LITERATURE REVIEW

Literature review is a comprehensive compilation of the information obtained from published and unpublished sources of data in the specific area of interest to the researcher. It may include journals, newspapers, magazines, reports, government publications and computerized databases.

The literature survey has been categorized into two groups:

- International Reviews - 19
- National Reviews - 7

Table 1 - International Reviews

Sr. No.	Author	Year	Title	Objectives	Description
1.	D. D. Bedia, Kshema Shrivastava	2020	A Study Assessing the Impact of Voluntary Adoption of IFRS on the Comparability and Relevance of Financial Information of Listed Indian Companies (International Journal of Science & Technology Research)	Objective of this study is to analyze the impact of voluntary adoption of IFRS in India and to analyse & compare the relevance of financial information to the investors in both standards.	**Methodology:** Companies, listed in overseas stock exchange and voluntarily adopted IFRS have been taken as sample. Data has been collected from the annual reports and official websites of these companies. Data has been analysed by financial ratios, t-test, and Wilcoxon Signed Rank test. **Findings/ Conclusion:** This study concludes that voluntary adoption has major impact on balance sheet figures and not on the income statement further investors' value and financial health has increased. Therefore, both set of standards have different impact on the image of the companies.
2.	SuneelKumar, A. P. Hosmani	2019	Financial Performance of Non-Banking Financial Companies (NBFCs) in India (EPRA International Journal of Multidisciplinary Research)	Objective of this study is to highlight the financial structure of NBFCs in India, analyse and compare the financial performance of NBFCs with previous years.	**Methodology:** This study is based on secondary data such as research papers, RBI Bulletin, newspapers, journals, RBI website and other reliable sources. Analysis has been done with the help of financial ratios. **Findings/ conclusion:** Author concludes that in recent years, decline has been seen in the performance of NBFCs even though it is better than banks. NBFCs have better profitability and capital adequacy in the past years. RBI is constantly taking

					necessary regulatory changes to ensure the financial stability of NBFCs.
3.	Ram Singh, Santosh Kumar Srivastava	2019	Implementation of IFRS as Indian Accounting Standard for Similarity in Financial Reporting in India: Challenges & Benefits (American Journal of Theoretical and Applied Business)	Objective of this paper is to study IFRS and Indian Accounting Standard and to understand the procedure to converge IFRS and evaluation of challenges and benefits in adoption of Ind AS.	**Methodology:** Secondary data have been used by author which is collected from various journals websites as well as published books. **Findings/ conclusion:** This paper concludes that the benefits of IFRS convergence are real but challenges in the way of adoption cannot be ignored thus there is recommendation to all the stakeholders that they must participate actively for a successful move.
4.	Neha Bajaj, Harjit Singh	2019	Adoption of International Reporting Standards (IFRS) in Accounting Curriculum in India (International Journal of Innovation Technology and Exploring Engineering)	Objective of this paper is to study the awareness regarding the adoption of Ind AS in India, to know the interest in learning IFRS and need of IFRS in the field of Indian accounting curriculum.	**Methodology:** This research is based on primary data collected by survey among students at management school. ANOVA has been used for comparison among participants. **Findings/ conclusion:** Author concludes that there is an exigent need of IFRS in the Indian accounting curriculum. Most of the students are not aware of IFRS convergence but they are eager to learn IFRS. Secondly, there is no difference in knowledge of IFRS among different gender groups. Whereas difference is found in the different age groups of the respondents.
5.	Parmjot Kaur, Balwinder Singh	2019	Comparative Analysis of Indian GAAP, IFRS and Ind AS (Journal of Business and Management)	In this paper, author's objective is to study the theoretical aspects of IGAAP, IFRS and Ind AS. Another objective is to suggest the measure to reduce the deviations in Ind AS compared to IFRS.	**Methodology:** The study is descriptive in nature. To make a comparative analysis between IGAAP, IFRS and Ind AS, various books, concept papers and research papers have been studied. **Findings/ conclusion:** The results of this paper indicate that there are significant differences between IFRS and IGAAP. Ind AS are sensitive to local conditions like legal and economic environment. Therefore, Indian Accounting Standards have not kept pace with changes in IFRS.
6.	Sourajyot	2018	Journey of Indian	In this study	**Methodology:** Author

	i Sardar, Vishal Shinde		Corporates from Local to International Accounting Standards: An Impact Analysis (International Journal of Finance and Accounting)	author's objective is to indicate the impact of change in accounting policies from IGAAP to Ind AS on the financials and on the performances of the individual companies as well as together with the sectors/ industries.	measured the impact of Ind AS in two different perspectives- first dimensionally (+, -, 0) and second magnitude (%) for individual company and sector as a whole. Ind AS financial ratios has also been compared with IGAAP ratios. He used Kolmogorov-Smirnov tests and Wilcoxon Signed-Ranks test to measure the statistical significance of the impact. **Findings/ conclusion:** This study concludes that- - Positive, negative, and mixed impact has been seen in various industries. - Non-parametric tests show that there is no significant difference between the presented ratios of IGAAP and Ind AS based ratios.
7.	Madhu Bala Sharma, Prateek Gupta	2018	A Study on Challenges in Implementation of Ind AS in India (International Journal of Research in Engineering, IT and Social Sciences)	This study deals with the challenges faced in the process of convergence in India perspective and measures taken to face these challenges.	**Methodology:** Author analyse secondary data collected through various websites, books, reports, and research papers. **Findings/ conclusion:** Author concludes that the transition journey towards IFRS enhance understandability, uniformity, comparability and reduce the dual set of accounting statement of companies having operations in another country. Author gave suggestion for the smooth implementation of IFRS by providing training programmes/workshops etc.
8.	Raj S. Dhankar, Barnali Chaklader	2018	Application of IFRS/ Ind AS in Indian Public Sector Banks: An Analysis (Universal Journal of Accounting and Finance)	In this paper, the objective of author is to find out the major issues and challenges in implementation of IFRS system in India and to examine the perception of Public Sector Banks in India towards the implementation of IFRS.	**Methodology:** In this paper, Quantitative Research Methodology has been used. Author constructed questionnaire to collect responses. **Findings/ conclusion:** In this study, a large number of respondents indicated that IFRS based financial Statements will be used not only for external reporting but also for internal decision-making and performance measurement process. Most of the respondents believe that

					implementation of IFRS, will improve the comparability among PSBs and improve financial transparency.
9.	Parvathy P. R.	2017	IFRS Convergence: Opportunities and Challenges in India (Accounting and Financial Control)	The objective of this study is to present the current scenario of IFRS convergence and its application in India, to examine that how IFRS adoption be beneficial and to analyse the difficulties faced by the stakeholders occurred after the convergence.	**Methodology:** This study is descriptive and exploratory research. Author used the secondary data collected from journals, articles, websites, and published books. **Findings/ Conclusion:** Author concludes, credibility in the international market has been increased after IFRS convergence. In this process the stakeholders were the imperative part for successful implementation. IFRS came with lot of challenges but the benefits of IFRS are worthier. Further, he gave some suggestions regarding stakeholders' awareness, increase in the number of trainers, modification in standards as per the governing laws etc.
10.	Kiratn P. Raval	2017	Indian Accounting Standards (Ind AS): An Overview (International Journal of Research in Humanities & Social Sciences)	Author's objective under this study is to make Ind AS, IFRS and GAAP understandable. This study also examines positive and negative outcomes of IFRS convergence.	**Methodology:** This study is descriptive in nature. Author used secondary data collected from books, periodicals, journals, reports, website of ICAI and IFRS etc. **Findings/ conclusion:** This study shows that after IFRS convergence, dealing in international market has been increased. It also gave exposure to the intelligence and well-trained accounting professionals at national as well as international level. The study also highlights the negative outcomes of IFRS convergence such as time and money consumption, complexities in adoption of new accounting policies etc.
11.	Krushna-vadan R. Parmar	2017	A Comparative Study between International Accounting Standards and Indian Accounting	In this study, author's objective is to understand the procedure followed to issue International Financial Reporting	**Methodology:** Research design is descriptive, and data used is secondary collected from journals, reports and website. **Findings / Conclusion:** Author concludes that, after the emergence of IFRS, reliability

			Standards and its Procedure Position (Scholarly Research Journal for Humanity Science & English Language)	Standards and Indian Accounting Standards.	and quality of the financial statements have been increased. For MNCs, IFRS overcome the difficulty of consolidation of financial statements and reduce the cost of preparation of financial statements.
12.	Tawfiq Abu-Raqabeh, Beverley Alleyne	2017	Indian Accounting Standards and the Transition to IFRS (International Education and Research Journal)	The objective of this paper to evaluate the benefits arrived from the convergence of IFRS, to analyse and compare the differences between IFRS and Ind AS, and to conclude the significance of convergence in terms of positive and negative impact.	**Methodology:** This research is based on the secondary data collected from various journals, periodicals, magazines, books, and websites. **Findings/ Conclusion:** Author concludes that IFRS has both positive as well as negative impact, but positive impact overcomes its negatives. Despite of the existence of all social, cultural, political barriers in the country, India would be benefited by the financial and economic benefits from the IFRS convergence.
13.	M. Muniraju , Ganesh S.R.	2016	A study on the impact of International Financial Reporting Standards Convergence on Indian Corporate Sector (IOSR Journal of Business and Management)	Through this paper, author studied the awareness level of stakeholders towards the implementation of IFRS and wants to indicate the impact of IFRS convergence on different sectors.	**Methodology:** In this study, Primary data have been collected through questionnaire and analysed by "Systat version 13" tool. Secondary data have been collected from Annual Reports and official Websites of ICAI and IFRS, various Journals and Research Papers, diagnostic study reports and newspaper articles etc. **Findings/ conclusion:** Results of this study shows a proficient level of awareness level to the stakeholders for IFRS adoption in India. But still training is required towards the IFRS convergence process and preparation of financial statements as per Ind AS. Further, a significant change has been seen in revenue and balance sheet items of different sectors.
14.	Nisha Karla, Shilpa Vardia	2016	The Impact of IFRS on Financial Statements: A Study of Indian	Author's objective in this paper is to analyse the impact of IFRS adoption on efficiency and	**Methodology:** In this study, author used financial ratios of such companies. Following statistical tools: central tendency, measurement of

			Listed Companies (Pacific Business Review International)	profitability of selected Indian Listed Companies which adopted IFRS before 1.4.2015 and to find out whether IFRS is more conservative compared to IGAAP.	variability, dispersion, t-test has been used to compare IFRS with IGAAP. **Findings/ conclusions:** This study concludes that adoption of IFRS does not have a significant effect on the efficiency and profitability of the selected companies rather IFRS will improve the quality of disclosures and enhance international comparability and understanding of financial statements.
15.	K. V. Achalapathi, P. BhanuSireesha	2015	Impact of IFRS Adoption on Financial Statements of Select Indian Companies (Osmania Journal of International Studies)	Objective of the study is to identify the statistically significant difference between the IGAAP and IFRS based financial statements.	**Methodology:** Data has been collected from the financial statements of the selected Companies. For analysis, Gray's comparability index, Kolmogorov-Smirnov test, Shapiro-Wilk test, Wilcoxon singes-rank test, paired sample t-test and simple linear regression have been used. **Findings/ Conclusion:** Significant increase has been seen in the liquidity, profitability, and valuation ratios under IFRS. Further, transition to IFRS will be beneficial in providing opportunity for the capital maintenance to the corporate world.
16.	Viswanathan Bharathan, Robinson Joseph	2015	Analysis of Perceptions of Auditors/ Chartered Accountants' on selected Indian Accounting Standards (International Journal of Basic and Applied Science)	Objective of this paper is to find out the differences among Auditors/ CAs, examine their perception regarding the acceptance and compliances of selected Ind AS and analyse in what manner the demographic and professional work environment related elements would impact the acceptance and compliances of these standards.	**Methodology:** The study is based on the primary data collected through survey and Purposive Sampling method and structured questionnaire. **Findings/ Conclusion:** Author concludes that there is variation in the level of adherence of Ind AS among Auditors/ CAs as per their age, experience, field of specialisation, income level and job status (Govt. or Private) etc. Further, to comply with the issues related to compliance of the accounting regulations, ICAI must develop different strategies as per their functional, emotional, and managerial competency.
17.	Ballios	2013	The Impact of	This study is done	**Methodology:** Data is collected

	Dimitrios, Eriotis Nikolaos		IFRS on Ratios of Listed and New Listed Companies of Athens Exchange (International Journal of Business and Social Research)	to examine the differences between Greek Accounting Standards (GAS) and IFRS and probability of quantitative differences in the financial ratios of selected companies due to transition to IFRS.	from the financial statements of 62 companies listed in Athens Exchange. Author used statistical tools such as measures of descriptive statistics, t-test, Jarque-Bera Test, Wilcoxon Singed-Rank Test, Mann-Whitney Test and Linear Regression to analyse the data. **Findings/ Conclusion:** In the results, it has been seen that both parametric and non-parametric tests are shown similar results that is no significant differences were found for the majority of the ratios except debt-equity ratio, asset turnover ratio and fixed asset ratio.
18.	Irina-Doina Pascan, Mioara Turcas	2012	Measuring the Impact of First-time Adoption of International Financial Reporting Standards on the Performance of Romanian Listed Entities (Procedia Economics and Finance)	The Objective of this paper to measure the impact of first-time adoption of IFRS on the performance of the selected listed entities of Romania expressed by their net income.	**Methodology:** Author collected data from the financial statements of companies listed on the Bucharest Stock Exchange and prepare consolidated financial statements as per IFRS or from the website of Romanian National Securities Commission. **Findings/ Conclusion:** The study concludes that IFRS has varied impact on the performance of Romanian entities. No substantial change can be seen in the net income of the Romanian listed entities from transition to IFRS. However, certain IFRS viz. IAS 40. IAS 39, IFRS 3, IAS 12, IAS 2, IAS 37, IAS 23, and IAS 29 have generated substantial effect on their performance.
19.	Dennis W. Taylor	2009	Cost-benefits of Adoption of IFRSs in Countries with Different Harmonisation History (Asian Review of Accounting)	The purpose of this study to compare cost of preparing IFRS based financial statements and to compare it with the benefits in terms of value relevant information under new regime financial statements	**Methodology:** This research is based on secondary data collected from the financial statements and market databases of selected companies of UK, Hong Kong and Singapore prepare financial statements in the first year of IFRS adoption. **Findings/ Conclusion:** This study concludes that cost incurred by UK companies' is

				to the users.	greater than the other two countries and no significant change has been seen in the information provided under IFRS based financial statements than the earlier financial statements in each of three countries.

Table 2 - National Reviews

Sr. No.	Author	Year	Title	Objective	Description
1.	Rishika Agarwal, Rakesh Kumar	2020	Impact of First Time Applicability of Ind AS on Profitability of Selected Indian Information Technology Companies (Studies in Indian Place Name)	In this study author examined the effect of Ind AS adoption on the selected IT companies and compare the effect of Ind AS on the profitability among these IT companies.	**Methodology:** In this study, various profitability ratios have been analysed and to compare the effect of Ind AS, author used Paired T-test statistics. **Findings/ conclusion:** Results of the analysis indicate that there is disparity in the various profitability ratios and overall results revealed that there is no significance effect of Ind AS adoption on the profitability of the IT companies in India.
2.	Pooja Sharma, Sushant Gupta	2019	A Comparative Study on Effect of IFRS on Profitability of Selected Companies in Developed and Developing Countries (Indian Journal of Finance)	This study was conducted to examine the effect of IFRS on profitability position of selected companies which adopted IFRS in developing and developed countries.	**Methodology:** The study is based on primary data consist of 29 companies of developed countries and 27 companies of developing countries. Consequently, the study applied panel data technique for the purpose of analysis. **Findings/ conclusion:** The findings shows that IFRS had a significant impact on profitability of the concern, but there was no significant difference in the profits of IFRS adopted companies of developed countries and developing countries.
3.	T. P. Ghosh	2016	Significance of IFRS Convergence in India – An Evidence from First-time Adoption of Indian	This study has been conducted to evaluate the impact of first-time adoption of IFRS on profitability of companies follow Ind AS and to	**Methodology:** A sample of 100 Ind AS compliant listed companies of India has been taken for the study. Profitability and equity of such companies has been compared by using paired sample t-test and Wilcoxon

			Accounting Standards (Indian Accounting Review)	compare the previous GAAP equity and Ind AS equity of such companies.	signed rank test. **Findings/ conclusion:** Results of this study indicate that no significant change has been seen in profitability and equity of companies before and after adoption of Ind AS. Similar results were found applying Wilcoxon signed rank test.
4.	Ramesha V.	2016	Convergence of Indian Accounting Standards with IFRS - Prospects & Challenges (National Seminar on "Ind-AS: A Road Map for IFRS in India")	This study throws light on SWOT analysis of IFRS and benefits of convergence with the perspective of Indian scenario. Along with, it covers the advantages of IFRS adoption and gives suggestions regarding the same.	**Methodology:** This study uses the secondary data collected from various journals, textbooks, internet sources, website of ICAI and IFRS. **Findings/ Conclusion:** In this study, the SWOT analysis explains the status of IFRS. IFRS opened numerous opportunities for the Indian corporate sector but at the same time it took some major challenges to overcome such as, requirement of considerable resources, proper strategy, and effective leadership to cope up with the increased workload and to maintain the quality of services offered.
5.	Trinesha, Nandan P.	2016	Convergence with IFRS in India: Hopes and Challenges (National Seminar on "Ind-AS: A Road Map for IFRS in India")	The objective of this paper to give a brief knowledge of the global financial reporting language. It attempts to understand the various beneficiaries of IGAAP with IFRS. It also includes the study of upcoming risks and challenges and suggestions towards successful implementation of IFRS in India.	**Methodology:** Author used the secondary data collected from various research papers and website of IFRS. **Findings/ Conclusion:** Author concludes that IFRS would be valuable to the beneficiaries. He points out the internal challenges in accounting policies and maintaining consistency with the legal requirements prevailing in the Country. Further, he highlights the suggestions for increased convergence to subsequent revision in IFRS and formulation of future International Accounting Standards.
6.	Pallavi. D, Smitha B.	2016	IFRS Convergence in India – Operational	Author's objective in this paper is to develop a brief insight into IFRS,	**Methodology:** This study is based on secondary data collected from various research paper, journals, and

			Challenges (National Seminar on "Ind-AS: A Road Map in India")	to study the upcoming benefits of IFRS convergence, risk and challenges and suggestions towards successful implementation of IFRS.	official websites of IFRS etc. **Findings/ Conclusion:** Author concludes that, convergence of IFRS is strongly recommended after liberalisation. IFRS convergence is full of risk and challenges involved in internal environment of corporations and in economic system of India. A successful implementation of IFRS can only be done by the mutual international understanding of both corporate objectives and risks attached to it.
7.	Nisha Amogh, S. MariGowda	2016	Impact of IFRS Adoption on Financial Performance of Corporates: A Study on SIFY Technologies Ltd. (National Seminar on "Ind-AS: A Road Map for IFRS in India")	This paper is to study the implications on reported results of corporates in India after applying IFRS and the changes faced by companies after IFRS. This paper is a 'case study on SIFY Technologies Ltd.'	**Methodology:** This is an analytical and comparative study based on secondary data from published financial statements of SIFY Technologies Ltd. **Findings/ Conclusions:** Author concludes that, effects of IFRS can be differ from one company to another and depends on the nature of its business. IFRS convergence is benefited in terms of global investments, but awareness of stakeholders is required for more effectiveness of IFRS convergence.

RESEARCH GAP

It has been observed that most of the previous studies have been moving around the convergence & adoption of IFRS and implementation of Ind AS, which majorly focus on the understanding of the theoretical aspects of International Financial Reporting Standards, Indian Accounting Standards and IGAAP, comparison and difference among IFRS, Ind AS and IGAAP, risks and challenges involved in the adoption and implementation of Indian Accounting Standards, suggestions towards implementation and smooth functioning of Ind AS, benefits of Ind AS era, significance of IFRS, perceptions of stakeholders regarding IFRS etc. and some researches of them highlight the impact of Ind AS on various sectors such as corporate sector, banking industry, IT sector etc. However, no study has been conducted on the impact of Ind AS related to NBFCs.

NEED OF THE STUDY

In Indian financial system, NBFCs form an integral part and complimenting the banking sector. Thus, it is important that readers of financial statements understand the impact of Ind AS on the financial performance of NBFCs in which they are planning to invest. Therefore, "Impact of Indian Accounting Standards (Ind AS) on Financial Performance of Non-Banking Financial Companies (NBFCs) in India -An Evaluation on Pre and Post Adoption" has been taken into consideration by researcher.

This study has following significance:

- It will provide a clear understanding of financial performance of NBFCs and will highlight the key financial performance indicators of NBFCs.
- This study will be beneficial to the investors to make their investment decisions in NBFCs.
- It will provide an insight into the major impact areas of Ind AS on the financial statements of NBFCs.
- It will also be beneficial to NBFCs for financial decision making under Ind AS scenario.

OBJECTIVES OF THE STUDY

Following objectives will be considered for this study:

1. To study the Regulatory Framework and the provisions of erstwhile Accounting Standards and Indian Accounting Standards specific to NBFCs.
2. To examine the financial performance of selected NBFCs before implementation of Indian Accounting Standards.
3. To examine the financial performance of selected NBFCs after implementation of Indian Accounting Standards.
4. To compare the financial performance of selected NBFCs before and after implementation of Indian Accounting Standards.

RESEARCH METHODOLOGY

To accomplish the objectives of the study, the following research methodology will be followed:

Type of Research:

This study is descriptive and analytical in nature.

Data Collection:

- **Type of Data:** Secondary data will be considered for this study.
- **Source of Data:** Data will be collected from the annual reports and the official websites of selected NBFCs and various other sources like journals, newspapers, and websites of governing bodies such as the Reserve Bank of India (RBI), Institute of Chartered Accountants of India (ICAI), and Ministry of Corporate Affairs (MCA) etc.

Sample Size:

Sample size is 10 NBFCs. List of selected companies is as follows:

1. Infrastructure Development Finance Company Limited
2. Shriram Transport Finance Company Limited
3. Sundaram Finance Limited
4. Bajaj Finserv Limited
5. Bajaj Holdings & Investment Limited
6. Bajaj Finance Limited
7. Mahindra & Mahindra Financial Services Limited
8. Reliance Capital Limited
9. Shriram City Union Finance Limited
10. IIFL Holdings Limited

Sample Selection Criteria:

Selection of above NBFCs has been made on the following basis:

- The above selected ten NBFCs are amongst the top fourteen shortlisted companies based on market capitalization as on 1.4.2015, which still exist and are fit entities to analyse pre and post Ind AS financial performance.

[Remaining NBFCs:

1. Rural Electrification Corporation Limited (it has been taken over by Government of India on 20 March, 2019)
2. Power Finance Corporation Limited (it has been taken over by Government of India on 28 March, 2019)

3. Max India Limited (it has been merged into Max Healthcare Institute Limited on 15 July, 2020)
4. SKS Microfinance Limited (it was renamed as Bharat Financial Inclusion Limited and has been acquired by IndusInd Bank on 4 July, 2019)]

- Selected NBFCs have adopted Ind AS in the first phase i.e., from the F.Y. 2018-2019.
- Selected NBFCs have net worth INR 500 crore or more on 1 April 2018 as well as 1 April, 2015.
- Selected NBFCs are listed in NSE and BSE.

Duration of the Study:

7 financial years will be considered for this study i.e., from F.Y. 2015-16 to F.Y. 2021-22.

- From F.Y. 2015-16 to F.Y. 2017-2018 will be considered as pre Ind AS adoption period.
- From F.Y. 2019-20 to F.Y. 2021-22 will be considered as post Ind AS adoption period.
- F.Y. 2018-19 is transition year hence, it will be considered as base year.

Data Analysis:

Collected data would be analysed by the following tools:

- Financial ratios
- Percentage, Average, Standards Deviation
- Inferential statistical tools such as Paired Sample t-test
- For presentation of data tables, bar diagrams, graphs etc. will be used.

Research Hypotheses:

Researcher will consider following hypotheses:

H_{01}: There is no significant impact of Ind AS on Capital Adequacy of selected Non-Banking Financial Companies.

H_{02}: There is no significant impact of Ind AS on Asset Quality of selected Non-Banking Financial Companies.

H_{03}: There is no significant impact of Ind AS on Profitability of selected Non-Banking Financial Companies.

H_{04}: There is no significant impact of Ind AS on Liquidity of selected Non-Banking Financial Companies.

H_{05}: There is no significant impact of Ind AS on long-term Solvency of selected Non- Banking Financial Companies.

Table 3 - Objective-wise Research Methodology

S. No.	Objectives	Research Methodology
1.	To study the Regulatory Framework and the provisions of erstwhile Accounting Standards and Indian Accounting Standards specific to NBFCs.	For attaining this objective researcher will thoroughly study the regulatory framework for NBFCs, publications, guidelines, notifications, reports of RBI, ICAI and MCA etc. Tools: Checklist
2.	To examine the financial performance of selected NBFCs before implementation of Ind AS.	For attaining this objective, researcher will compute and examine the financial ratios of selected NBFCs from their financial statements. Tool: financial ratios
3.	To examine the financial performance of selected NBFCs after implementation of Ind AS.	For attaining this objective researcher will compute and examine the financial ratios of selected NBFCs from their financial statements. Tool: financial ratios
4.	To compare the financial performance of selected NBFCs before and after implementation of Ind AS.	For attaining this objective researcher will compare the financial performance of selected NBFCs before and after implementation of Ind AS. Tools: Paired Sample t-test

PROPOSED CHAPTER PLAN FOR THE STUDY

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Regulatory Framework and Provisions of Erstwhile Accounting Standards and Indian Accounting Standards

Chapter 4: Performance of Selected NBFCs before Implementation of Indian Accounting Standards

Chapter 5: Performance of Selected NBFCs after Implementation of Indian Accounting Standards

Chapter 6: Comparison of Financial Performance of NBFCs before and after Implementation of Indian Accounting Standards

Chapter 7: Findings, Suggestions & Conclusion

Chapter 8: Reference

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